

EARNED INCOME TAX CREDIT AMENDMENTS

2019 GENERAL SESSION

STATE OF UTAH

LONG TITLE**General Description:**

This bill amends income tax provisions by enacting a state earned income tax credit.

Highlighted Provisions:

This bill:

- defines terms;
- enacts a refundable state earned income tax credit for certain individuals;
- provides for apportionment of the tax credit; and
- requires transfers from the General Fund to reimburse the Education Fund for the amount of the tax credit claimed.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

ENACTS:

59-10-1102.1, Utah Code Annotated 1953

59-10-1112, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **59-10-1102.1** is enacted to read:

59-10-1102.1. Apportionment of tax credit.

A nonresident individual or a part-year resident individual who claims the tax credit described in Section 59-10-1112 may only claim an apportioned amount of the tax credit equal to the product of:

(1) the state income tax percentage for a nonresident individual or the state income tax percentage for a part-year resident individual; and

(2) the amount of the tax credit that the nonresident individual or the part-year resident

individual would have been allowed to claim but for the apportionment requirement of this section.

Section 2. Section **59-10-1112** is enacted to read:

59-10-1112. Refundable state earned income tax credit -- Definition -- Tax credit calculation -- Transfers from General Fund.

(1) As used in this section:

(a) "Federal earned income tax credit" means the federal earned income tax credit described in Section 32, Internal Revenue Code.

(b) "Qualifying claimant" means a resident or nonresident individual who claimed the federal earned income tax credit for the previous taxable year.

(2) Except as provided in Section 59-10-1102.1, a qualifying claimant may claim a refundable earned income tax credit equal to 10% of the amount of the federal earned income tax credit that the qualifying claimant was entitled to claim on a federal income tax return in the previous taxable year.

(3) (a) The Division of Finance shall transfer at least annually from the General Fund into the Education Fund an amount equal to the amount of tax credit claimed under this section.

(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules for making the transfer described in Subsection (3)(a).

Section 3. **Retrospective operation.**

This bill has retrospective operation for a taxable year beginning on or after January 1, 2019.